Disinvestment of VSNL

328.SHRISANJAYNIRUPAM: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the disinvestment of VSNL is over;

(b) if so, the details thereof;

(c) whether VSNL was split into two separate companies before disinvestment; and

(d) if so, the details thereof and the reasons therefor?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) and (b) Yes,Sir. 25% Government equity stake in VSNL has been sold to Panotone Finvest Limited, acompany representing the Tata Group at a price of Rs. 1439.25 crore.

(c) and (d)The transaction in VSNL also incorporates demerger of surplus land available with the company. The decision to separate surplus land from VSNL through a demerger process was taken in order to protect the interts of various stakeholders, as the company did not require the identified surplus land due to factors like change in technology.

Disinvestment of HCL

329.SHRI SANJAYNIRUPAM: Will the Minister of DISINVESTMENT be pleased to state the details of the status of process of Disinvestment of HCL?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): Disinvestment is being considered and carried out in various PSUs including Hotel Corporation of India Ltd. (HCL) in accordance with the declared policy of the Government. The process of disinvestment in HCL has been taken up following the acceptance of the recommendations of the Disinvestment Commission. While recommending disinvestment of HCL, the Commission observed that:

* The hotel industry is a highly competitive industry where quality of service is the key success factor. HCL faces tough competition from the private sector operators.
* The poor condition of facilities has adversely affected the brand image and has forced the hotels to compete in terms of price rather than quality. Consequently, HCL is not able to charge premium on room rents.